

# **Hotwire Public Relations Limited**

## **Annual Report and Financial Statements**

Registered number 06118106

Year ended 30 June 2019



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## Strategic report

### Business strategy and objective

Hotwire's primary objectives are to create a world-class boutique communications business, to continue to deliver quality service to clients and to be an employer of choice in the communications sector. Headquartered in United Kingdom, Hotwire Group has a network of offices across Europe, Asia Pacific and the USA. The objectives are to continue to grow in each local market and build the profile and presence of the Hotwire brand.

### Business model

Hotwire is an award-winning fee for service communications business providing services in the Tech communications space. Hotwire provides communication campaigns to technology companies and technology start-ups.

### Principal risks and uncertainties

Risk is an inherent part of doing business. Hotwire recognises the importance of effective risk management processes and systems, and the Company has a process for identifying, evaluating and managing the risks faced by the business. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board has identified the following factors as principal potential risks to the successful operation of the business.

#### *Economic and market risks*

The economic environment and competitor pricing position can affect the performance of business in terms of both sales and costs.

The global communications sector is highly competitive, thus as a business, we have acted to ensure that we have a strong commercial offering to help win new clients and provide a high quality service to our existing clients. We attract and retain high quality people who can deliver a high quality service to our clients. We have dedicated client relationship teams in place. We have put major focus on maintaining and building long-term client relationships thus investing in major clients. In addition, we seek to maintain a competitive cost base thus ensuring that we deliver return on investment for all of our clients.

#### *Regulatory risk*

Hotwire's operations are subject to a broad spectrum of regulatory requirements particularly in relation to environmental issues, health & safety, employment and pensions and tax laws.

Hotwire monitors regulatory developments and has a strong compliance regime. Regular reviews are carried out to ensure compliance and training needs are addressed as required. The Company integrates Corporate Responsibility considerations in Company policies and procedures.

#### *Credit risk*

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligation, and arises principally from Hotwire's receivables from customers. Hotwire has minimal credit risk due to the nature of the customers (mainly large multi-nationals), ability to invoice the customers in advance and constant monitoring of trade receivables.

#### *Brexit*

The UK's role as a trading nation is going to significantly change as the UK exits the EU. However, with Hotwire being part of global network, the impact of Brexit is likely be insignificant as Hotwire predominately provides services to customers in UK and the USA while services provided in rest of Europe is only 11% (2018: 15%) of the total turnover (refer note 2 on page 14). Additionally, the Company is not reliant on the EU for staff and the majority of employees reside in the UK.

## Strategic report (continued)

### Outlook

The Company is targeted on top line revenue growth and securing additional client contracts. The business will continue to strengthen by investing in new technology, seeking improvements and additional services to the business offering, together with additional efficiency gains and cost savings.

### Environmental regulation and performance

The board believes that the Company had adequate systems in place for the management of its environmental requirements.

### Financial performance for the year

The profit and loss account is set out on page 8 and shows the profit for the year. The Company achieved a profit on ordinary activities before tax of £1,145,088 for the year (2018: £1,395,185). At operating profit level, strong performance, a consequence of several new business wins led to turnover growth of 23% (2018: 12%), however investment in senior staff during the year led to a decline in margin.

### Financial position

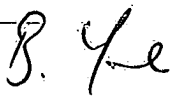
The company continues to maintain a strong balance sheet with no debt. The company has stringent working capital management to ensure efficient conversion of profit to cash which is reflected in the healthy cash balance at the balance date and strong total assets to current liabilities position.

### Key performance indicators

2019 was a positive year against Key performance indicators including:

- new revenue following expansion in the US
- securing new clients from pitches;
- growing existing clients by leveraging the global network; and controlling costs in line with benchmarked ratios.

By order of the board



**Brendan York**  
*Director*

26 November 2019

## Directors' report

The directors present their report together with the audited financial statements of Hotwire Public Relations Limited ("the Company") for the year ended 30 June 2019.

### Principal activities

The principal activity of the Company during the year was provision of communications services.

### Proposed dividend

No dividend was declared in respect of the year ended 30 June 2019 (2018: £2,000,000).

### Directors

The directors who held office during the year were as follows:

Matthew Melhuish

Brendan York appointed on 7 February 2019

Adrian Talbot appointed on 11 March 2019

Alex MacLavery resigned on 7 February 2019

### Political contributions

The Company made no political donation or incurred any political expenditure during the year (2018: £Nil).

### Likely future developments

Likely future developments are discussed in the "Outlook" section of Strategic report.

### Charitable donation

The company made no charitable donations during the year (2018: £150).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Brendan York**  
Director

69 Wilson Street  
London  
EC2A 2BB  
26 November 2019

## **Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **Independent Auditor's Report to the Members of Hotwire Public Relations Limited**

## **Opinion**

We have audited the financial statements of Hotwire Public Relations Limited ("the company") for the year ended 30 June 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent Auditor's Report to the Members of Hotwire Public Relations Limited (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **Independent Auditor's Report to the Members of Hotwire Public Relations Limited (continued)**

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Frederic Caharel*

**Frederic Caharel (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
United Kingdom  
E14 5GL

26 November 2019

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 30 June 2019*

	<i>Note</i>	<b>2019</b> £	<b>2018</b> £
<b>Turnover</b>	2	14,392,555	11,672,502
Cost of sales		(5,845,100)	(3,906,708)
<b>Gross profit</b>		<b>8,547,455</b>	<b>7,765,794</b>
Administrative expenses	4-6	(7,540,682)	(6,499,663)
Other operating income	3	138,840	129,054
<b>Operating profit</b>		<b>1,145,613</b>	<b>1,395,185</b>
Interest payable and similar charges		(525)	-
<b>Profit on ordinary activities before taxation</b>		<b>1,145,088</b>	<b>1,395,185</b>
Tax on profit on ordinary activities	7	(220,152)	(275,060)
<b>Profit for the financial year</b>		<b>924,936</b>	<b>1,120,125</b>
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>924,936</b>	<b>1,120,125</b>

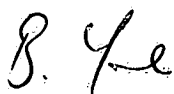
All results arose from continuing operations.

The accompanying notes form an integral part of these financial statements

**Balance Sheet**  
*as at 30 June 2019*

	<i>Note</i>	<b>2019</b>		<b>2018</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	9	181,756		151,471	
Intangible fixed assets	10	486,500		520,834	
		<u>668,256</u>		<u>672,305</u>	
<b>Current assets</b>					
Debtors	11	3,564,840		2,749,821	
Cash at bank and in hand		458,751		627,769	
		<u>4,023,591</u>		<u>3,377,590</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,416,073)</u>		<u>(3,702,598)</u>	
<b>Net current assets/(liabilities)</b>		<b>607,518</b>		<b>(325,008)</b>	
<b>Total assets less current liabilities</b>		<b>1,275,774</b>		<b>347,297</b>	
<b>Provisions for liabilities</b>					
Other provisions	13	(122,437)		(122,437)	
Deferred tax liability	14	(3,541)		-	
<b>Net assets</b>		<b>1,149,796</b>		<b>224,860</b>	
<b>Capital and reserves</b>					
Called up share capital	16	2		2	
Profit and loss account		1,149,794		224,858	
<b>Shareholders' funds</b>		<b>1,149,796</b>		<b>224,860</b>	

These financial statements were approved by the board of directors on 26 November 2019 and were signed on its behalf by:



**Brendan York**  
*Director*

Company number: 06118106

The accompanying notes form an integral part of these financial statements

**Statement of Changes in Equity**  
*for the year ended 30 June 2019*

	<b>Called up Share Capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 July 2017	2	1,104,733	1,104,735
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,120,125	1,120,125
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>1,120,125</b>	<b>1,120,125</b>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends (Note 8)	-	(2,000,000)	(2,000,000)
<b>Total contributions by and distributions to owners</b>	-	<b>(2,000,000)</b>	<b>(2,000,000)</b>
<b>Balance at 30 June 2018</b>	<b>2</b>	<b>224,858</b>	<b>224,860</b>
Balance at 1 July 2018	2	224,858	224,860
<b>Total comprehensive income for the year</b>			
Profit for the year	-	924,936	924,936
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>924,936</b>	<b>924,936</b>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends (Note 8)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2019</b>	<b>2</b>	<b>1,149,794</b>	<b>1,149,796</b>

The accompanying notes form an integral part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Hotwire Public Relations Limited (the "Company") is a private company incorporated, domiciled and registered in England in the United Kingdom.

The registered number is 06118106 and the registered address is 69 Wilson Street, London, EC2A 2BB.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Enero Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Enero Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Level 2, 100 Harris Street, Pyrmont, NSW 2009, Australia.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliation for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Enero Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial.

### **Measurement convention**

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

These financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company will continue its operations and be able to meet its obligations as and when they become due and payable. This is based on an analysis of the Company's ability to meet its future cash flow requirements using its projected cash flows from operations and existing cash reserves held as at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements                      depreciated over the remaining period of lease
- Computer equipment                          33.3% per annum straight line
- Office equipment                              20% per annum straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### *Intangible assets (Goodwill)*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure. Goodwill arising on business combination is in respect of business acquired on 12 October 2011.

Recoverable value of goodwill is estimated at each reporting date. Where the carrying value of goodwill exceeds its recoverable value an impairment loss is recognised in the profit and loss account.

#### *Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

#### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software licenses:                      3 years

**Notes (continued)**

**1 Accounting policies (continued)**

***Trade and other debtors***

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

***Trade and other creditors***

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

***Employee benefits***

***Pension scheme***

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions for the year. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

***Provisions***

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

***Turnover***

The turnover represents billings to clients (exclusive of value added tax), inclusive of directly attributable costs of sales, where a principal relationship exists between the Company and its client. Where the Company act as an agent, the amount included as turnover is recognised net of amounts collected/paid on behalf of clients.

Turnover from services rendered is recognised in the profit and loss upon satisfaction of performance obligations, which occur when control of the services is transferred to the customer. Principally, turnover is recognised depicting the transfer of promised services to customers with amounts reflecting consideration to which the Company expects to be entitled in exchange for those services at any point in time.

***Operating leases***

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Notes (continued)**

**1 Accounting policies (continued)**

**Taxation (continued)**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**2 Analysis of turnover**

The entire turnover and profit on ordinary activities before taxation relates to the Company's communications business.

	30 June 2019 £	30 June 2018 £
<b>By geographical market</b>		
United Kingdom	8,491,607	7,955,334
Rest of Europe	1,622,452	1,744,090
America	3,846,719	1,755,051
Rest of the world	431,777	218,027
	<u>14,392,555</u>	<u>11,672,502</u>

**3 Other operating income**

	30 June 2019 £	30 June 2018 £
Sublease rental income	138,840	129,054
	<u>138,840</u>	<u>129,054</u>

**4 Expenses and auditor's remuneration**

	30 June 2019 £	30 June 2018 £
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Amortisation of intangibles (note 10)	34,334	34,333
Depreciation and other amounts written off owned tangible fixed assets (note 9)	96,355	229,966
Hire of other assets – operating leases (rent)	391,668	345,725
<b>Auditor's remuneration</b>		
Audit of these financial statements	20,000	17,000
Audit-related assurance services	6,000	6,000
Taxation compliance services	12,500	12,000
	<u>38,500</u>	<u>35,000</u>



**Notes (continued)**

**5 Directors' remuneration**

Remuneration of a director was paid by a group company. Remuneration disclosed below represents cost of services provided by the director to the Company.

	30 June 2019	30 June 2018
	£	£
Directors' remuneration	63,948	85,967
Company contributions to money purchase pension plan	1,521	3,300
	<u>65,469</u>	<u>89,267</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £63,948 (2018: £89,267) and Company contributions of £1,521 (2018: £3,300) were made to a defined contribution pension plan.

**6 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	30 June 2019	30 June 2018
	Number of employees	
Communications staff	<u>75</u>	<u>63</u>

The aggregate payroll costs of these persons were as follows:

	30 June 2019	30 June 2018
	£	£
Wages and salaries	3,483,601	2,896,275
Social security costs	342,819	266,719
Other pension costs	245,332	185,783
	<u>4,071,752</u>	<u>3,348,777</u>

**Notes (continued)**

**7 Taxation**

**Recognised in the profit and loss account**

	30 June 2019	30 June 2018
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	8,604	128,994
Group relief payable	202,594	166,647
Adjustments in respect of prior periods	-	(620)
	<hr/>	<hr/>
Total current tax	211,198	295,021
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	8,954	(20,057)
Adjustments to tax charge in respect of previous periods	-	96
	<hr/>	<hr/>
Total deferred tax	8,954	(19,961)
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>220,152</b>	<b>275,060</b>
	<hr/>	<hr/>

**Reconciliation of effective tax rate**

	30 June 2019	30 June 2018
	£	£
Profit for the year	924,936	1,120,125
Total tax expense	220,152	275,060
	<hr/>	<hr/>
Profit on ordinary activities before tax	1,145,088	1,395,185
Tax using the UK corporate tax rate of 19% (2018: 19%)	217,567	265,085
Expenses not deductible for tax purposes	3,721	7,264
Other permanent difference	(1,136)	3,235
Adjustments to tax charge in respect of previous periods	-	(524)
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>220,152</b>	<b>275,060</b>
	<hr/>	<hr/>

All tax is recognised directly in the profit and loss account.

**8 Dividends**

The aggregate amount of dividends comprises:

	30 June 2019	30 June 2018
	£	£
Final dividend	-	2,000,000
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
Balance at 1 July 2018	622,093	151,225	381,854	1,155,172
Additions	2,878	11,240	112,522	126,640
Disposals	-	-	(48,433)	(48,433)
	<u>624,971</u>	<u>162,465</u>	<u>445,943</u>	<u>1,233,379</u>
Balance at 30 June 2019	624,971	162,465	445,943	1,233,379
<b>Depreciation</b>				
Balance at 1 July 2018	597,915	140,379	265,407	1,003,701
Charge for year	8,335	4,788	83,232	96,355
Disposals	-	-	(48,433)	(48,433)
	<u>606,250</u>	<u>145,167</u>	<u>300,206</u>	<u>1,051,623</u>
Balance at 30 June 2019	606,250	145,167	300,206	1,051,623
<b>Net book value</b>				
At 1 July 2018	24,178	10,846	116,447	151,471
	<u>24,178</u>	<u>10,846</u>	<u>116,447</u>	<u>151,471</u>
At 30 June 2019	18,721	17,298	145,737	181,756
	<u>18,721</u>	<u>17,298</u>	<u>145,737</u>	<u>181,756</u>

**10 Intangible fixed assets**

	Goodwill £	Software £	Total £
<b>Cost</b>			
Balance at 1 July 2018	471,000	103,000	574,000
Additions	-	-	-
	<u>471,000</u>	<u>103,000</u>	<u>574,000</u>
Balance at 30 June 2019	471,000	103,000	574,000
<b>Amortisation</b>			
Balance at 1 July 2018	-	53,166	53,166
Charge for year	-	34,334	34,334
	<u>-</u>	<u>87,500</u>	<u>87,500</u>
Balance at 30 June 2019	-	87,500	87,500
<b>Net book value</b>			
At 1 July 2018	471,000	49,834	520,834
	<u>471,000</u>	<u>49,834</u>	<u>520,834</u>
At 30 June 2019	471,000	15,500	486,500
	<u>471,000</u>	<u>15,500</u>	<u>486,500</u>

**Notes (continued)**

**10 Intangible fixed assets (continued)**

On 12 October 2011 the Company entered into a business purchase agreement with an unrelated party, IF Communications, to acquire its business assets that included customer relationships and employees. The purchase price paid for this acquisition was recognised as goodwill.

In accordance with the Company's accounting policy, the carrying value of the goodwill has an indefinite life and is reviewed for impairment at each reporting date. The recoverable amount of goodwill has been calculated with reference to its value in use.

**11 Debtors**

	30 June 2019	30 June 2018
	£	£
Trade debtors	2,537,613	2,255,537
Amounts owed by group undertakings	690,677	98,709
Prepayments and accrued income	336,550	390,162
Deferred tax asset (see note 14)	-	5,413
	<u>3,564,840</u>	<u>2,749,821</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

**12 Creditors: amounts falling due within one year**

	30 June 2019	30 June 2018
	£	£
Trade creditors	369,632	532,661
Amounts owed to group undertakings	1,467,856	1,446,290
Corporation tax	8,604	107,918
Taxation and social security	412,843	422,827
Accruals and deferred income	1,157,138	1,192,902
	<u>3,416,073</u>	<u>3,702,598</u>

**13 Provisions for liabilities**

	Dilapidations £
Balance at 1 July 2018 and 30 June 2019	<u>122,437</u>

The maturity profile of provisions is as follows

	30 June 2019	30 June 2018
	£	£
Within one year	-	-
Between one and five years	122,437	122,437
	<u>122,437</u>	<u>122,437</u>

**Notes (continued)**

**14 Deferred tax (assets) and liabilities**

Movement in deferred tax during the year:

	1 July 2018	Recognised in income statement	30 June 2019
	£	£	£
Tangible fixed assets	(5,413)	8,954	3,541
	<u>(5,413)</u>	<u>8,954</u>	<u>3,541</u>

Movement in deferred tax during the prior year:

	1 July 2017	Recognised in income statement	30 June 2018
	£	£	£
Tangible fixed assets	14,548	(19,961)	(5,413)
	<u>14,548</u>	<u>(19,961)</u>	<u>(5,413)</u>

Deferred tax asset is included in debtors (see note 11).

From 1 April 2017, the main rate of corporation tax was reduced to 19%. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 30 June 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

**15 Employee benefits**

**Defined contribution pension plan**

The Company operates a defined contribution pension plan. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £245,332 (2018: £185,783).

There was no outstanding pension contribution either at 30 June 2019 or at 30 June 2018.

**Notes (continued)**

**16 Called up share capital**

**Share capital**

	30 June 2019	30 June 2018
	£	£
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

**17 Operating leases**

Leases as lessee

The Company have leased a property under a non-cancellable operating lease which will expire in May 2023. The lease rental recognised as an expense in the profit and loss account is disclosed in note 4.

Non-cancellable operating lease rentals are payable as follows:

	30 June 2019	30 June 2018
	£	£
Less than one year	391,668	345,725
Between one and five years	1,116,467	1,296,469
More than five years	-	-
	<hr/>	<hr/>
	1,508,135	1,642,194
	<hr/>	<hr/>

Leases as lessor

The Company have entered into an agreement to sublease part of the property to an unrelated third party. As per the terms of the contract, either party can cancel the lease by giving a written six months' notice. Hence, there is no non-cancellable commitment.

**18 Related party**

***Transactions with key management personnel***

Key management personnel consist of directors of the company. The Company has claimed an exemption in respect of disclosures of the compensation of Key Management Personnel.

***Transactions with related parties***

The Company has claimed an exemption in respect of disclosures of transactions with wholly owned subsidiaries. There were no transactions with other related parties.

**Notes (continued)**

**19 Ultimate parent company and parent undertaking of larger group of which the Company is a member**

The Company is a subsidiary undertaking of Enero Group Limited which is the ultimate parent company incorporated in Australia.

The largest group in which the results of the Company are consolidated is that headed by Enero Group Limited, incorporated in Australia. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Level 2, 100 Harris Street, Pyrmont, NSW 2009, Australia.

**20 Accounting estimates and judgements**

The preparation of financial statements in conformity with UK Generally Accepted Accounting Practices (including FRS 101 Reduced Disclosure Framework) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected.

Critical accounting estimates and judgements made includes following:

- **Revenue:** Revenue from Contracts with Customers requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the services is transferred to the customer. Principally, revenue is recognised depicting the transfer of promised services to customers with amounts reflecting consideration to which the Company expects to be entitled in exchange for those services at any point in time.

The Company's customers typically receive the benefit of services as they are performed and substantially all customer contracts provide that the Company will be compensated for services performed to date. Accordingly, substantially all revenue is recognised over time as the services are performed. For fixed fee projects, key estimates and judgements for when revenue is recognised is using inputs or outputs (time and deliverables) measuring progress on the project. For retainer contracts, where a fixed fee is paid to provide a series of distinct performance obligations that are substantially the same, key estimates and judgements for when revenue is recognised use a time-based measure resulting in a straight-line revenue recognition. For customer contracts that include any variable consideration, such as performance incentives, revenue is estimated at the beginning of the contract based on the most likely outcome and recognised accordingly.

- **Trade receivables:** Trade receivables are carried at amortised cost, less a loss allowance equals to the expected credit loss determine under the expected credit loss assessment of receivables. Events subsequent to the reporting date but prior to the signing of the financial statements which indicate a negative effect are taken into account in the calculation of loss allowance. Future events may occur which change these estimates of the future cash inflows related to impaired trade receivables.
- **Impairment of non-financial assets:** Key assumptions used in the value in use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to projected cash flows. Actual results may differ from estimates as at the reporting date.